



Hasbro Second Quarter 2012 Earnings  
July 23, 2012

# Safe Harbor

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# Second Quarter 2012 Snapshot

## Results Consistent with Company Strategy to Shift U.S. Shipments Later in the Year

### ➤ Q2 Net revenues \$811M, down 11% year-over-year

- Net revenues down 7% excluding negative \$34.4M impact of foreign exchange
- On track for 2-4% of full year revenues shifting to second half 2012

### ➤ EPS flat year-over-year despite lower revenues

- Excluding Gaming Center of Excellence costs and tax adjustment in Q2 2011

### ➤ Executing plan to return U.S. & Canada to historical operating profit margin

- Operating profit increased to 15.0% of quarterly revenues
- Gained share in the U.S. (Source: The NPD Group, through May 2012)

### ➤ International segment revenues up 5%, excluding foreign exchange

- Down 4% including negative \$33.4 million foreign exchange impact

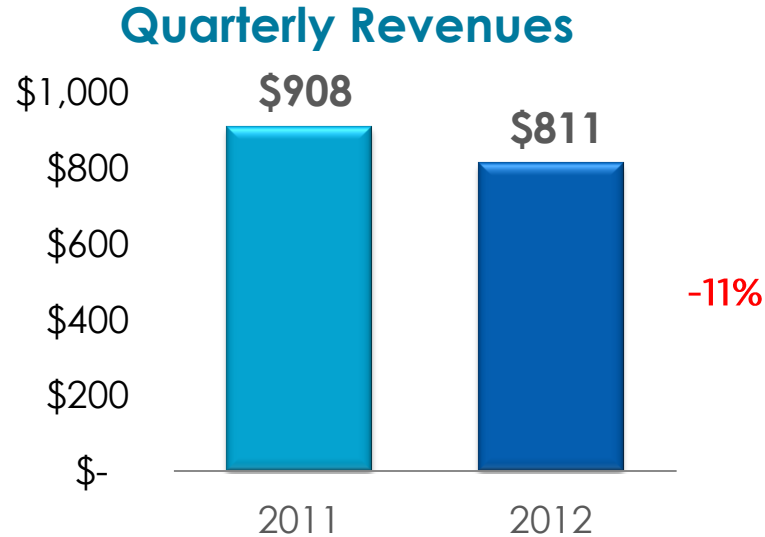
### ➤ Reiterates Guidance

- Continue to believe, absent the impact of foreign exchange, Company will grow revenues and earnings per share
- Expect fourth quarter to be greater than the third quarter in both revenues and earnings per share



# Second Quarter 2012 Net Revenues

(\$ Millions, Unaudited)



Consistent with strategy to shift revenues later in 2012 -  
better align with consumer demand

Down 7% excluding negative foreign exchange impact  
of \$34.4 million



# Second Quarter 2012 Segment Net Revenues

(\$ Millions, Unaudited)



U.S. & Canada  
Retail inventories down; Aligning shipments with consumer demand; Gained share\*

International  
Revenues up 5% excluding foreign exchange; Latin America up 15%

Entertainment & Licensing  
Global television programming sales in all formats

\* Source: The NPD Group, Through May 2012



## Second Quarter 2012 Net Revenues By Region

(\$ Millions, Unaudited)	2012	2011	% Change
<b>U.S./Canada Segment</b>	<b>\$407</b>	<b>\$505</b>	<b>-19%</b>
Europe	198	222	-11%
Latin America	83	72	+15%
Asia Pacific	79	80	-1%
<b>International Segment</b>	<b>360</b>	<b>374</b>	<b>-4%</b>
<b>Entertainment &amp; Licensing</b>	<b>43</b>	<b>27</b>	<b>+59%</b>
<b>Global Operations</b>	<b>1</b>	<b>2</b>	<b>---</b>
<b>Total Net Revenues</b>	<b>\$811</b>	<b>\$908</b>	<b>-11%</b>

Excluding foreign exchange  
 International Segment revenues up 5%  
 Latin America and Asia Pacific revenues up;  
 Europe down ~1%



## Second Quarter 2012 Net Revenues By Product Category

(\$ Millions, Unaudited)	2012	2011	% Change
Boys	\$ 389	\$ 460	-16%
Games	214	231	-8%
Girls	104	119	-13%
Preschool	103	98	+6%
Other	1	0	---
<b>Total</b>	<b>\$ 811</b>	<b>\$ 908</b>	<b>-11%</b>



## Second Quarter 2012 Major Expense Items

(\$ Millions, Unaudited)	2012	% of Sales	% Change	Notes
Cost of Sales	\$ 312	38.5%	-17.5%	Product mix & the sale of higher quality inventory versus Q2 11
Royalties	\$71	8.7%	-13.8%	Target 7%-8% of revenues FY 12
Product Development	\$50	6.2%	-8.8%	Target ~4.5% of FY 12 revenues
Advertising	\$79	9.8%	-3.0%	Target 10%-11% of FY 12 revenues
Amortization of Intangibles	\$12	1.4%	+8.5%	~\$50M estimate for FY 12
Program Production Cost Amortization	\$10	1.2%	+40.7%	\$50M-\$60M estimate for FY 12
Selling, Distribution & Administration	\$191	23.6%	-10.3%	Targeting 20% of revenues FY 12

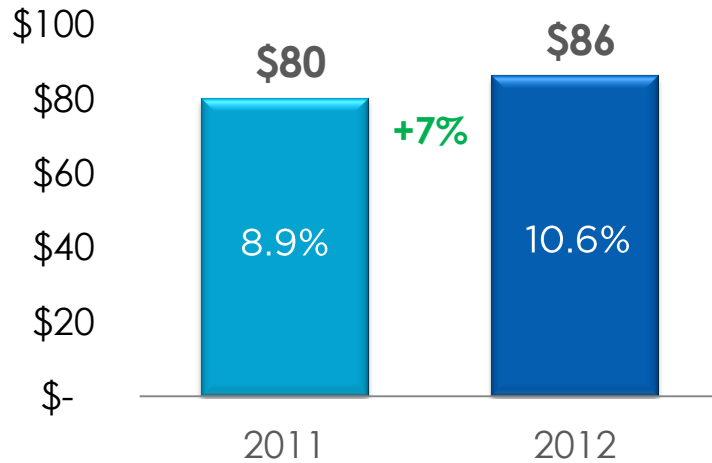




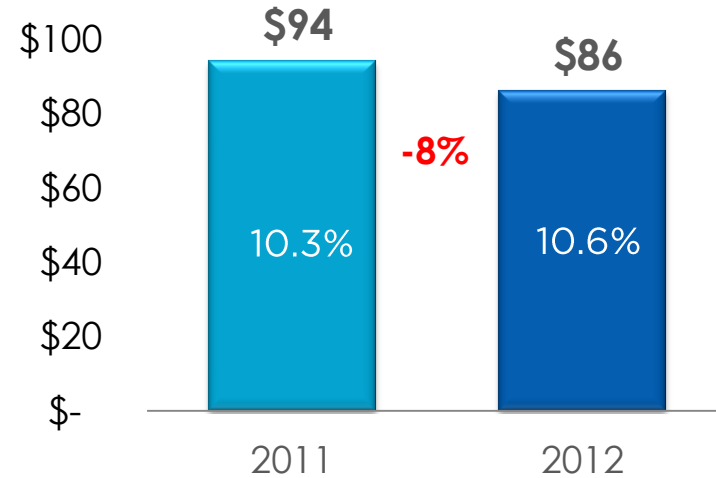
# Second Quarter 2012 Operating Profit

(\$ Millions, Unaudited)

## Quarterly Operating Profit As Reported



## Quarterly Operating Profit Excluding Gaming Center Costs



Positive impact  
on OP

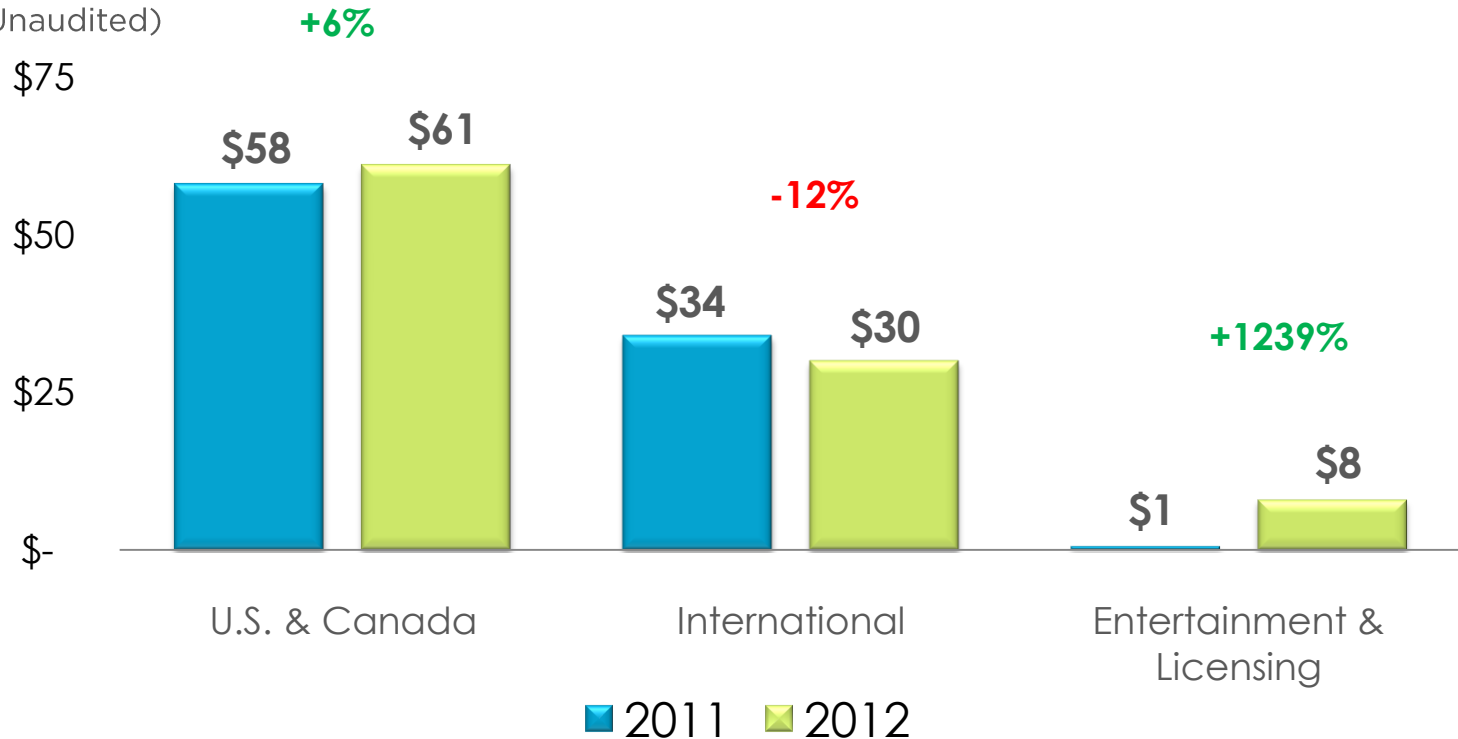


Negative  
impact on OP



# Second Quarter 2012 Segment Operating Profit

(\$ Millions, Unaudited)



U.S. & Canada  
 Shifting revenue to second half 2012;  
 Favorable product mix;  
 Sales of higher quality inventory

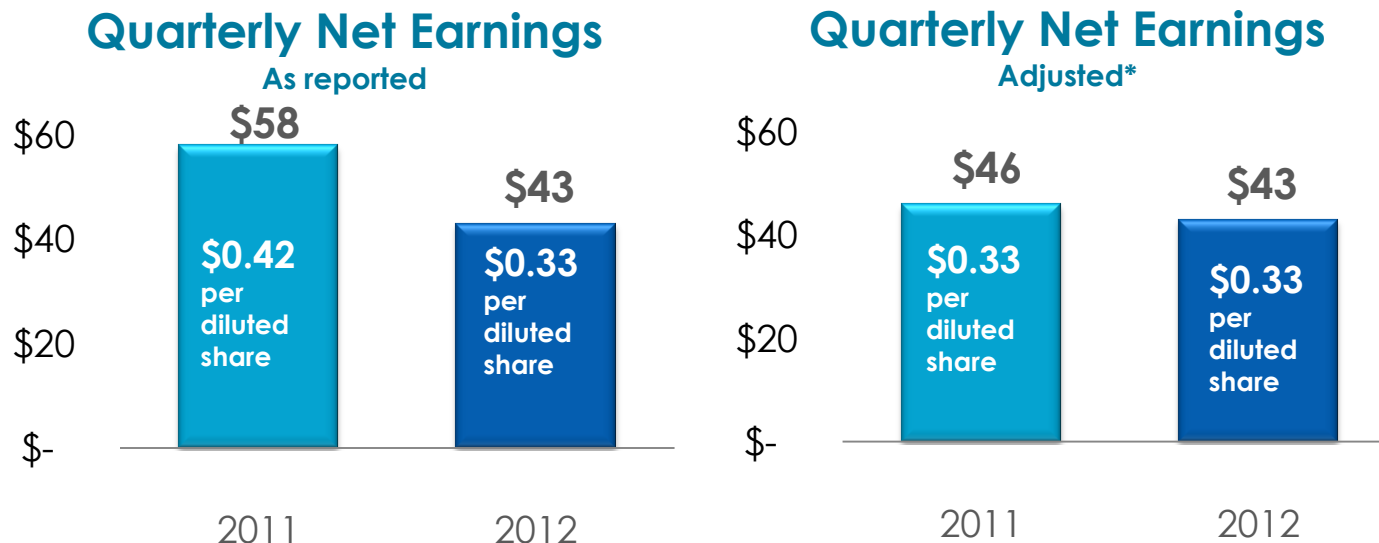
International  
 Higher revenues and OP margin in Latin America;  
 Lower European revenues

Entertainment & Licensing  
 Higher revenues;  
 Better expense leverage



# Second Quarter 2012 Net Earnings

(\$ Millions, except per share,  
Unaudited)



EPS flat year-over-year

\*Q2 2011 excludes a favorable tax adjustment and costs for Hasbro's Gaming Center of Excellence

Q2 2012 underlying tax rate of 26.8%

Average diluted shares 132.1M

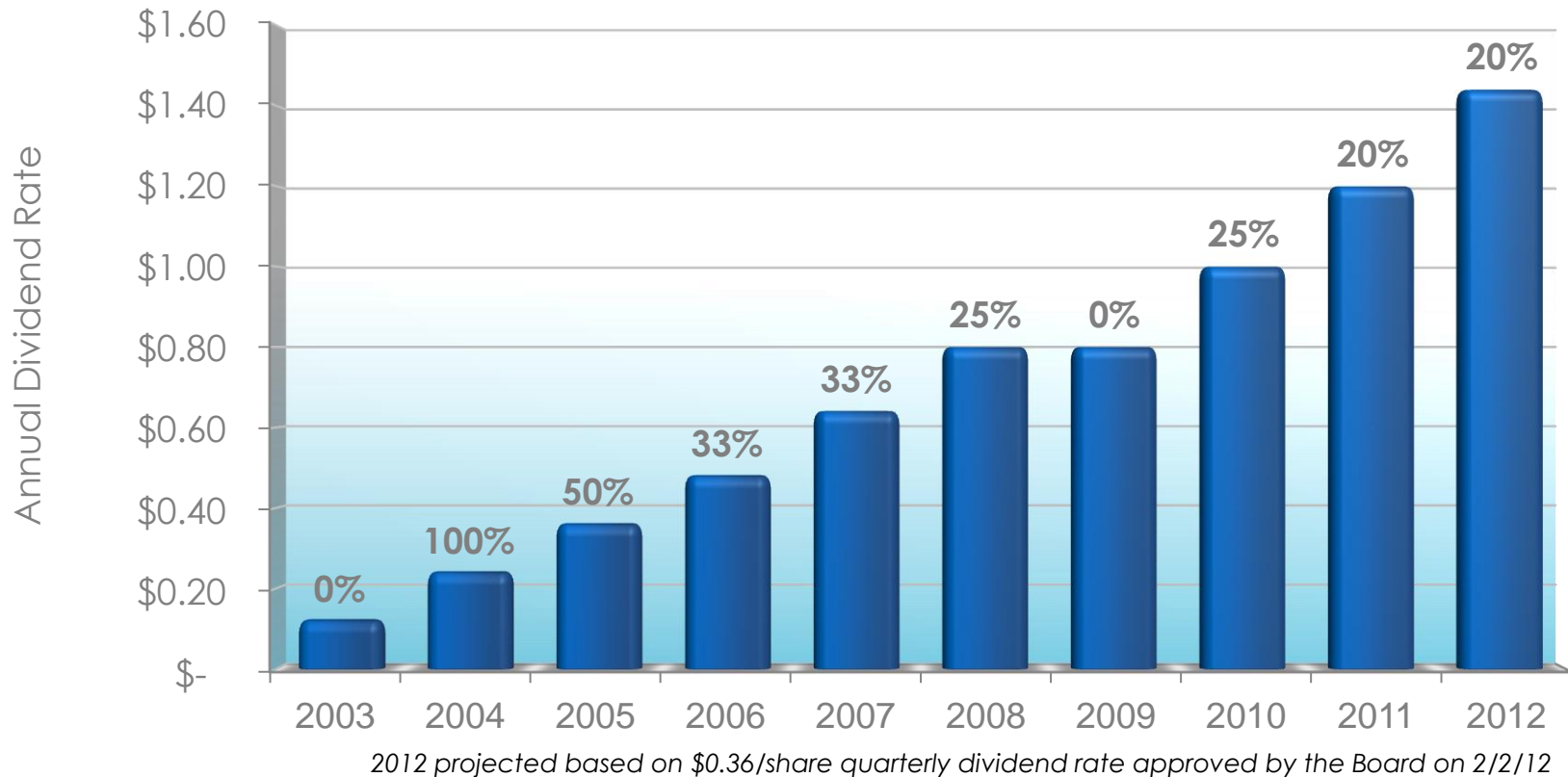


## Second Quarter 2012 Key Cash Flow & Balance Sheet Data

(\$ Millions, Unaudited)	2012	Notes
Cash	\$780	\$201M Operating Cash Flow YTD
Depreciation	\$24	Target similar to 2011
Amortization	\$12	Target ~\$50M for FY 12
Television Program Spending	\$11	Target \$60-\$70M for FY 12
Capex	\$27	Target \$125-\$135M for FY 12
Dividends	\$47	Increased 20% on 2/2/12
Stock Repurchase	\$5	~140,000 shares at \$35.21
Operating Cash Flow Trailing Twelve Months	\$468	Target \$500M on average per year
Accounts Receivable	\$651	DSOs at 72 days, down 11 days year-over-year
Inventory	\$417	Good inventory position



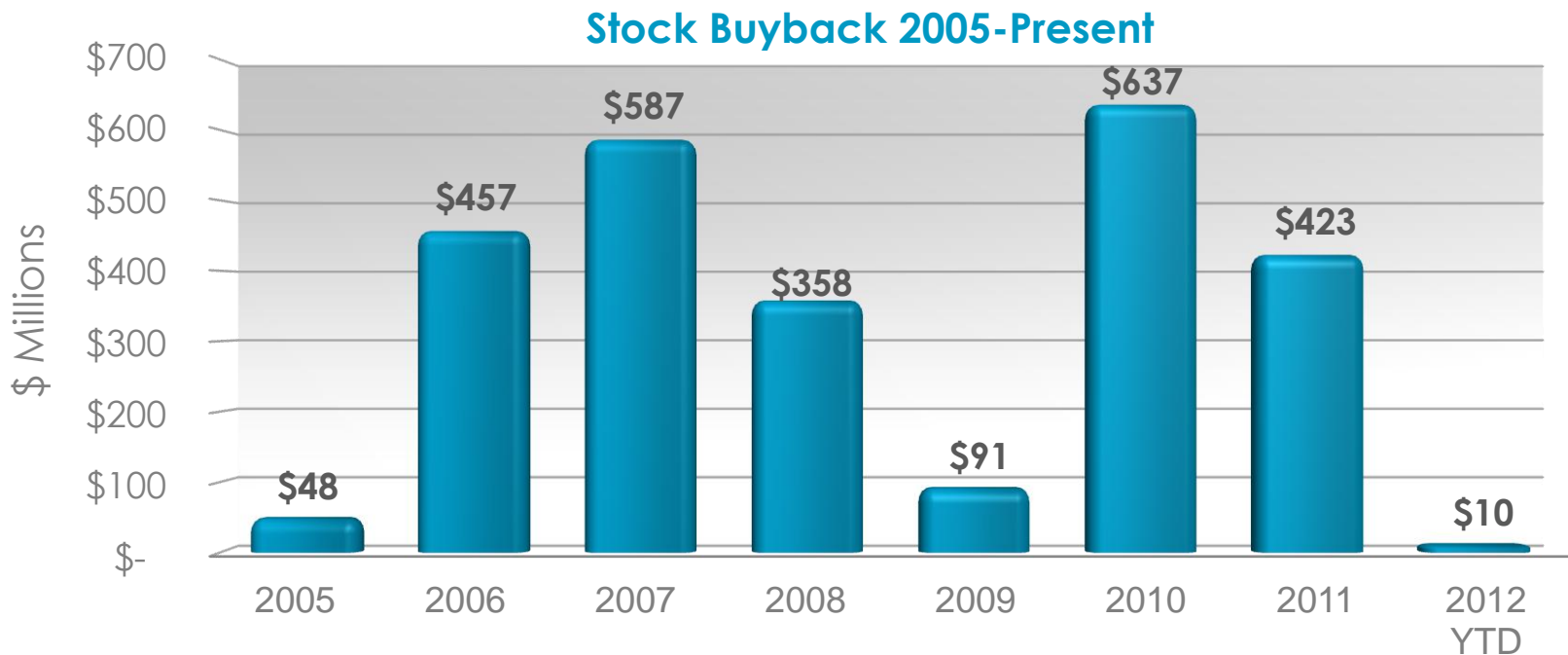
# Dividends



- 20% Quarterly dividend increase announced 2/2/12
- Next dividend payable 8/15/12 to shareholders of record at the close of business 8/1/12



# Stock Buyback



- Delivering on stated commitment of returning cash to shareholders
- In second quarter 2012, repurchased approximately 140,000 at a total cost of ~\$5 million and an average price of \$35.21
- \$217.3 million remains available as of end of Q2 2012 under current authorization



# Entertainment Update: Television

- Shows airing in all major markets and countries
- Distribution on all formats, including digital and home entertainment
- Driving global brand awareness and sales



- Q2 2012 was THE HUB'S best ratings quarter in its history
- June 2012 biggest month in networks' history
- 54% ratings growth in Q2 '12 vs. Q2 '11 - Total Day, Kids 2-11



# Hasbro's Branded Play Blueprint

Focused on Executing Our Strategy

**Innovation**

**New Initiatives**

**International Business  
& Regaining U.S. Momentum**

**Immersive Experiences**







## Appendix

## Second Quarter 2012 Income Statement

(\$ Millions, Unaudited)	July 1, 2012	% Net Revenues	June 26, 2011	% Net Revenues
<b>Net Revenues</b>	<b>\$ 811</b>	<b>100.0%</b>	<b>\$908</b>	<b>100.0%</b>
Cost of Sales	312	38.5%	378	41.6%
Royalties	71	8.7%	82	9.0%
Product Development	50	6.2%	55	6.0%
Advertising	79	9.8%	82	9.0%
Amortization of Intangibles	12	1.4%	11	1.2%
Program Production Cost Amortization	10	1.2%	7	0.8%
Selling, Distribution & Administration	191	23.6%	213	23.5%
<b>Operating Profit</b>	<b>\$ 86</b>	<b>10.6%</b>	<b>\$80</b>	<b>8.9%</b>
Interest Expense	23	2.7%	23	2.5%
Other (Income) Expense, Net	4	0.5%	4	0.6%
<b>Earnings Before Income Taxes</b>	<b>\$59</b>	<b>7.4%</b>	<b>\$53</b>	<b>5.8%</b>
Income Taxes	16	2.0%	(5)	-0.6%
<b>Net Earnings</b>	<b>\$43</b>	<b>5.4%</b>	<b>\$58</b>	<b>6.4%</b>
<b>Diluted EPS</b>	<b>\$0.33</b>		<b>\$0.42</b>	



## Second Quarter 2012 Balance Sheets

(\$ Millions, Unaudited)	July 1, 2012	June 26, 2011
Cash	\$780	\$585
Accounts Receivable	651	838
Inventory	417	427
Other Current Assets	298	196
<b>Total Current Assets</b>	<b>2,146</b>	<b>2,046</b>
Property, Plant & Equipment, Net	223	239
Other Assets	1,646	1,656
<b>Total Assets</b>	<b>\$4,015</b>	<b>\$3,941</b>
Short-term Borrowings	\$221	\$12
Payables & Accrued Liabilities	618	694
<b>Total Current Liabilities</b>	<b>839</b>	<b>706</b>
Long-term Debt	1,399	1,403
Other Liabilities	377	363
<b>Total Liabilities</b>	<b>\$2,615</b>	<b>\$2,472</b>
Total Shareholders' Equity	\$1,400	\$1,469
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$4,015</b>	<b>\$3,941</b>



## 2012 Condensed Cash Flow (Six Months)

(\$ Millions, Unaudited)	July 1, 2012	June 26, 2011
<b>Operating Cash Flows</b>	<b>\$ 201</b>	<b>\$ 129</b>
<b>Investing Cash Flows:</b>		
Capex	(50)	(51)
Other	6	(7)
<b>Total Investing</b>	<b>(44)</b>	<b>(58)</b>
<b>Financing Cash Flows:</b>		
Short-term Borrowings	40	(2)
Stock Repurchases	(10)	(172)
Dividends	(85)	(75)
Stock Options	41	28
<b>Total Financing</b>	<b>(14)</b>	<b>(221)</b>
<b>FX Impact on Cash</b>	<b>(5)</b>	<b>7</b>
<b>Beginning Cash</b>	<b>642</b>	<b>728</b>
<b>Ending Cash</b>	<b>\$ 780</b>	<b>\$ 585</b>

